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## **LUNDIN PETROLEUM INCREASES CAPITAL SPENDING BUDGET FOR 2006**

**Lundin Petroleum AB ("Lundin Petroleum") is pleased to announce the details of its USD 310 million exploration and development capital budget for 2006.**

The development budget is in excess of USD 200 million with a major focus on projects in Norway and Tunisia which will deliver significant production growth through early 2007.

**1. Norway** - The development of the Alvheim project offshore Norway (working interest 15%) is well advanced with modifications to the Alvheim floating ,production and offloading vessel already substantially completed in Singapore. Development drilling will commence in 2006 and the Alvheim Field complex is expected to come onstream in early 2007 at a forecast production rate of 85,000 boepd ( or 13,000 boepd net to Lundin Petroleum)

**2. Tunisia** - Production from the Oudna field offshore Tunisia ( working interest 50%) is forecast to commence in late 2006 at a rate of 20,000 bopd (or 10,000 bopd net to Lundin Petroleum). The Oudna project involves the relocation and modification of the Ikdam FPSO currently located on the Isis field which is approaching the end of its economic life. Development drilling on Oudna will commence in the first quarter of 2006.

**3. United Kingdom** - The reactivation of the drilling rig on the Heather field platform (working interest 100%) will be completed in the first half of 2006 followed by a drilling and workover program.

**4. France** - In the Paris Basin a four well infill drilling programme will be completed in the Villeperdue field (working interest 100%).

Lundin Petroleum expects to produce approximately 36,000 boepd in 2006 increasing to over 50,000 boepd in 2007 with the full benefit of the Norwegian and Tunisia new field developments. This compares to a forecast production rate of approximately 33,000 boepd in 2005.

In 2006 there will be a significant increase in Lundin Petroleum's exploration budget with forecast spending increasing to in excess of USD 100 million up from over USD 50 million in 2005. A total of 15 exploration wells are forecast to be drilled in 2006 targeting an unrisked reserve potential of over 750 million barrels being over five times greater than the current certified reserves of the company. Major multi well drilling programmes will be undertaken in Norway, Sudan and Indonesia with further exploration drilling activity in France, The Netherlands and Ireland.

Ashley Heppenstall, President and CEO of Lundin Petroleum comments: "Our 2006 development work programme will deliver significant production growth when our new field developments in Norway and Tunisia come onstream. The increased production will ensure the continued growth of the financial performance for Lundin Petroleum. In tandem we are increasing our exploration budget where our drilling programmes particularly in Norway and Sudan will provide exposure to potential material reserve increases. We continue to believe that proactive investment in exploration will over time deliver enhanced shareholder returns particularly in the current tight world oil markets"

*Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Albania, France, Indonesia, Iran, Ireland, Netherlands, Nigeria, Norway, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed on the O-list, Attract 40 at Stockholm Stock Exchange, Sweden (ticker "LUPE").*

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